

STATEMENT OF CONSIDERATIONS

CLASS ADVANCE WAIVER OF THE GOVERNMENT'S U.S. AND FOREIGN PATENT RIGHTS IN INVENTIONS MADE IN THE PERFORMANCE OF PERSONNEL EXCHANGE AGREEMENTS ENTERED INTO BETWEEN LOCKHEED MARTIN ENERGY RESEARCH CORPORATION UNDER ITS DEPARTMENT OF ENERGY MANAGEMENT AND OPERATING CONTRACT NO. DE-AC05-96OR22464 AND INDUSTRIAL PARTNERS; W(C)-96-003; ORO-630

The United States Department of Energy (DOE) considers the scientific and technical personnel of Lockheed Martin Energy Research Corporation (Energy Research) that work at Oak Ridge National Laboratory (ORNL) valuable resources to DOE's energy research and development and national security missions.

Congress enacted the National Competitiveness Technology Transfer Act of 1989 (NCTTA) to promote technology transfer between government-owned, contractor-operated (GOCO) laboratories, such as ORNL, and the private sector in the United States and to enhance collaboration between industry and government to foster development of technologies in areas having significant economic potential. One way to enhance such collaboration is through personnel exchanges whereby scientific and technical personnel from Energy Research are assigned to the facilities of Industrial Partner hosts, and Industrial Partners' personnel are assigned to ORNL where Energy Research is the host.

Allowing Energy Research personnel to obtain experience and knowledge of industry's techniques, both in performance and in management of research and development, would enhance ORNL in the performance of its DOE mission. This need is based on the recognition that without personnel exchanges, Energy Research, by the nature of its functions in performing DOE missions, could become isolated from current technological and managerial practices which lie in the mainstream of industry. Such isolation of Energy Research would tend to reduce ORNL's capability to utilize current industrial technology. Although Energy Research attempts to maintain its capabilities at the industrial "state of the art" level, this will be increasingly difficult in a climate of dwindling federal funds for research and development. The isolation of Energy Research geographically, by security classification constraints and by a low turnover of key employees, can be greatly offset by providing for short term exchanges of Energy Research personnel with corresponding industrial staff.

While the NCTTA has greatly facilitated GOCO and industrial collaboration by providing for Cooperative Research and Development Agreements (CRADAs) between the parties, personnel exchanges have been under-utilized as a technology transfer mechanism, in part because under the terms of the management and operating contract, title in inventions made by a GOCO employee, while doing research at the facility of the Industrial Partner under a personnel exchange agreement, would vest in the Government or the GOCO.

Faced with the prospect of losing rights to its commercially valuable technology by permitting Energy Research employees to work on ongoing projects and possibly make inventions that would be owned by the Government or Energy Research, industry has been reluctant to host Energy Research researchers under personnel exchange agreements and unwilling to assign Energy Research researchers to projects involving technology that is commercially valuable.

Based on the reasons outlined above, it is Energy Research's position that the participation of Industrial Partners in personnel exchange agreements will be difficult or impossible to obtain unless there is advance assurance that the Partners will obtain rights in the inventions generated by Energy Research employees assigned to them. Therefore, to ensure that the Department's policy regarding invention rights not be perceived by industry as a barrier or disincentive to Energy Research personnel participating in personnel exchanges, this Class Advance Waiver shall ensure in advance that the Industrial Partners will obtain ownership rights in inventions made by Energy Research personnel assigned to Industrial Partners' facilities under a personnel exchange agreement. Such a waiver affords predictability in the relationship among DOE, Energy Research and the Industrial Partners regarding allocation of rights in inventions. No waiver is necessary when the exchange is in the other direction with personnel from the Industrial Partner being assigned to perform work at the ORNL operated by Energy Research. In the latter case, inventions made by the assigned industry researcher have been waived to Energy Research through class waiver W(C)-90-014, and the waiver is implemented by an appropriate entrance agreement signed by the industrial researcher that reflects that class waiver.

As explained previously, DOE benefits from the exchange of scientific and technical personnel between Energy Research and Industrial Partners because, not only are Energy Research personnel exposed to the nature of private industry practices and research, but also Energy Research is provided with outside scientific and technical personnel to work on Energy Research work at ORNL. This mutual enrichment will result in a broader perspective on the part of the exchanged researchers and an appreciation of the unique challenges faced by industry and the Government and how they respond to these challenges.

The waiver of the Government's rights is justified in this case for a number of reasons. Since industry would be more willing to enter into personnel exchange agreements with this waiver in place, negotiations would be easier, the Energy Research researcher would get exposure to cutting edge technology and industrial practices and DOE's technology transfer goals would be furthered. Sufficient justification is found to support granting of the waiver since the Industrial Partner has normally invested heavily in its background research and development and should be entitled to keep that which is created as a result of that investment.

The scope of this Class Advance Waiver covers inventions made by Energy Research employees assigned to the Industrial Partner's facility under a DOE-approved Personnel Exchange Agreement (Agreement) between Energy Research and the Industrial Partner. Under the terms and conditions of the Agreement between Energy Research and the Industrial Partner, the assigned personnel will remain employees of the assigning party and salary, benefits and other expenses of the assigned employees will be borne by the assigning party. Thus, each Energy


Research employee assigned to an Industrial Partner under a personnel exchange agreement remains an employee of Energy Research. Under this Class Advance Waiver, the Industrial Partner has the right to elect title to inventions made by Energy Research employees while assigned to the Industrial Partner's facility pursuant to a personnel exchange agreement.

This waiver of the Government's rights in inventions as set forth herein is subject to the Government's retention of: 1) a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the waived invention, and 2) march-in rights in accordance with Pub. L. 96-517, as amended.

This Class Advance Waiver offers the necessary incentive for Industrial Partners to participate in Energy Research's personnel exchange program and, in addition, appears justified by the reciprocal benefits of the exchange program.

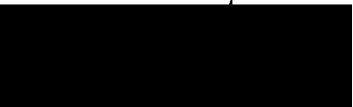
Accordingly, in view of the above objectives and considerations as well as any other considerations set forth for advance waivers in 41 CFR 9-9.109-6, all of which have been considered, it is believed that grant of the requested Class Advance Waiver will best serve the interests of the United States and the general public. It is, therefore, recommended that the Class Advance Waiver be granted.

Date July 8, 1996

 for
Katherine Lovingood
Senior Patent Attorney

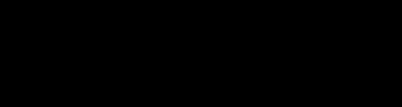
Based on the foregoing Statement of Considerations, it is determined that the interests of the United States and the general public will be best served by granting a waiver of the United States and foreign patent rights to inventions as set forth herein and, therefore, the waiver is hereby granted.

CONCURRENCE:


Dr. Martin H. Froese
Director
Office of Energy Research

Date July 24, 1996

APPROVAL 1 1


Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and
Intellectual Property

Date 7-26-96